

FISCAL IMPACT STATEMENT ON BILL NO. **H3161**

(Doc. No. 22635sj07.doc)

TO:	The Honorable Robert E. "Bob" Walker, Chairperson, House Education and Public Works Committee		
FROM:	Office of State Budget, Budget and Control Board		
ANALYSTS:	Harry Bell, Ken Brown and Bryce Wilson		
DATE:	January 30, 2007	SBD:	2007018

AUTHOR:	Representative Walker	PRIMARY CODE CITE:	59-67-105
SUBJECT:	School Bus Safety and Inspection		

ESTIMATED FISCAL IMPACT ON GENERAL FUND EXPENDITURES:
See Below

ESTIMATED FISCAL IMPACT ON FEDERAL & OTHER FUND EXPENDITURES:
\$0 (No additional expenditures or savings are expected)

BILL SUMMARY:

House Bill 3161 would establish a maximum schools bus ride time for public K-12 students and provide that the State Department of Education shall ensure that state-owned school buses are routed in the most efficient manner possible. The Bill also establishes that all publicly and privately owned school buses must be inspected annually.

EXPLANATION OF IMPACT:

State Department of Education (SDE)

The State school bus transportation system is currently funded with a combination of State appropriations and local school district funds which are used to cover operating expenses including fuel and parts; employ mechanics and bus drivers; and purchase equipment including buses and service vehicles. State funding for the system includes "flow through" funds to the districts which are used primarily to supplement bus drivers' (district employees) salaries. The number of buses operating on a daily basis is estimated to be 5,000 while the total number of miles driven by the fleet is approximately 78,000,000 annually. There are several sections of the Bill for which additional costs are anticipated for both the State and the school districts.

Section 1 – 59-67-105

Based on SDE's analysis of existing ride times the Department anticipates the need for an additional 188 school buses to satisfy the seventy-five minute ride limit. Direct operating cost to the State per bus is an estimated \$10,830 annually (including parts and fuel). State "flow through" funds to the districts are an estimated \$9,322 per bus while district expenses are an estimated \$16,800 per bus. Therefore, direct operating expenses associated with this section are estimated at \$2,036,000. A proportionate increase in "flow through" funds to the districts would equate to \$1.75 million. The need for an additional 188 buses for the fleet could be achieved by delaying disposal of that number of vehicles. However, the vehicles would eventually have to be replaced and would add an additional depreciation cost of \$1 million annually to the fleet based on a 12 year replacement cycle.

Section 6 – 59-67-420(B)

There are currently no State funds appropriated to SDE to provide hazardous transportation services to the districts. Those districts that request this service pay SDE for costs incurred, and continue to incur some of the cost associated with hazardous transportation including bus driver salaries and fringe benefits. Total cost for hazardous transportation is \$4 million annually based on the districts' request for this service. As stated in the Bill any cost not covered by State appropriations would remain the responsibility of the respective district. Therefore, State funding for this section is at the General Assembly's discretion.

Section 6 – 59-67-420(D)

SDE estimates it transports 136,350 students in kindergarten through fifth grade on a daily basis. If one quarter of those students are unescorted and need a half mile of additional transportation services daily, the fleet's overall mileage would increase by 3,068,000 miles annually. Total cost per mile covered by state appropriations is an estimated \$1.13 which includes 70 cents (\$.70) per mile for direct operating expenses and forty-three cents (\$.43) per mile for depreciation. Therefore, direct operating costs associated with this subsection are an estimated \$2.15 million. Additional depreciation costs are an estimated \$1.3 million annually. SDE estimates an adjustment of "flow through" funds based on increasing bus driver's compensation at \$1.3 million. Additional district expenses are an estimated \$1.95 million including their portion of drivers' salaries and fringe benefits.

South Carolina School for the Deaf and Blind (SCDB)

SCDB has a fleet of 25 buses that drives approximately 180,000 miles annually. SCDB estimates the costs of enactment at \$36,600 annually due to the requirements associated with unescorted students and the transportation of four-year-olds to and from child development sessions. This includes an additional \$15,250 for fuel and parts, \$9,350 in depreciation and \$12,000 in additional bus drivers and attendant compensation.

Department of Public Safety

The Department indicates that this Bill would have no impact on the General Fund of the State or Federal and/or Other Funds as this activity is currently being performed by the Department's State Transport Police Division.

Recapitulation

Total additional operating expenses (fuel & parts) associated with enactment is estimated at \$4 million while annual depreciation expenses (based on a 12 year replacement cycle) are an estimated \$2.2 million. A proportional increase in "flow through" funds can be an estimated \$2.9 million while additional district expenses are an estimated \$4.85 million assuming bus driver's salaries are adjusted to compensate for the additional time. However, bus drivers' salaries are set by the respective districts and any additional cost for salaries and fringe benefits not covered by the State would be paid for by the districts. The amount appropriated for hazardous transportation is at the General Assembly's discretion but should not be more than \$3.6 million. **SDE notes that cost estimates for sections 59-67-420(B) and (D) are somewhat overlapping thereby reducing the net overall impact by approximately \$1 million (three quarters of which can be estimated as state funds). Estimates on the attached spreadsheet summary have been adjusted to reflect overlapping estimates between these two sections.**

Total net impact on state funds can be an estimated \$12.8 million assuming the General Assembly increases appropriations to cover depreciation costs; increases "flow through" funds to further supplement bus drivers' salaries; and covers the full cost associated with hazardous transportation. Operating and depreciation costs alone (excluding any amount appropriated for unescorted transportation) are an estimated \$6.2 million. However, current recurring state appropriations are not sufficient to support a 12 year school bus replacement (depreciation) cycle.

Approved by:



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